

CITY OF STANTON
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2021

Table of Contents

| | <u>Page</u> |
|--|-----------------|
| Officials | 3 |
| Independent Auditors' Report | 5-7 |
| Basic Financial Statements: | <u>Exhibit</u> |
| Government-wide Financial Statement: | |
| Cash Basis Statement of Activities and Net Position | A 9 |
| Governmental Fund Financial Statements: | |
| Statement of Cash Receipts, Disbursements and Changes in Cash Balances | B 10 |
| Proprietary Fund Financial Statements: | |
| Statement of Cash Receipts, Disbursements and Changes in Cash Balances | C 11 |
| Notes to Financial Statements | 13-24 |
| Other Information: | |
| Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds | 26 |
| Notes to Other Information – Budgetary Reporting | 27 |
| Schedule of the City's Proportionate Share of the Net Pension Liability | 28 |
| Schedule of City Contributions | 29 |
| Notes to Other Information – Pension Liability | 30 |
| Supplementary Information: | <u>Schedule</u> |
| Schedule of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Enterprise Funds | 1 32 |
| Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds | 2 33 |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 35-36 |
| Schedule of Findings | 37-39 |

City of Stanton

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|----------------|----------------|---------------------|
| Jeff Magneson | Mayor | January 2024 |
| Eric Paulson | Council Member | January 2022 |
| Sheryl Porter | Council Member | January 2022 |
| Chris Stephens | Council Member | January 2022 |
| Jim Caver | Council Member | January 2024 |
| Pier Osweiler | Council Member | January 2024 |
| Marilyn Rubel | City Clerk | Indefinite |
| Thomas Stamets | Attorney | Indefinite |

City of Stanton



Diane McGrain, CPA
Jim Menard, CPA
Kelsey Peterson, CPA

October 13, 2021

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Stanton, Iowa, as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Continued....

omni business centre
42 n. 2nd street
council bluffs, iowa 51503
712•322•8734 / fax 712•322•4699
www.schroer-cpa.com

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Stanton as of June 30, 2021, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Stanton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Continued...

October 13, 2021
City of Stanton
Independent Auditors' Report

The Other Information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City's Contributions on pages 26 through 30 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of the City of Stanton's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Stanton's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Schroer & Associates, PC".

Schroer & Associates, PC
Council Bluffs, IA

Basic Financial Statements

City of Stanton
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2021

| | | | | Net (Disbursement) Receipts and Changes in Cash Basis Net Position | | |
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See notes to financial statements

City of Stanton
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2021

| | | Special Revenue | | | |
|---|------------|--------------------|----------------------|------------------------------|---------|
| | General | Road Use Tax | Employee Benefits | Local Option Sales Tax | Total |
| Receipts: | | | | | |
| Property tax | \$ 180,465 | - | 25,640 | - | 206,105 |
| Other city tax | 23 | - | 3 | 77,142 | 77,168 |
| Licenses and permits | 292 | - | - | - | 292 |
| Use of money and property | 38 | - | - | 6 | 44 |
| Intergovernmental | 90,792 | 103,117 | 352 | - | 194,261 |
| Charges for service | 651 | - | - | - | 651 |
| Miscellaneous | 134,267 | - | - | - | 134,267 |
| Total receipts | 406,528 | 103,117 | 25,995 | 77,148 | 612,788 |
| Disbursements: | | | | | |
| Operating: | | | | | |
| Public safety | 51,086 | - | 2,382 | - | 53,468 |
| Public works | 78,301 | 79,396 | 14,881 | 83,395 | 255,973 |
| Culture and recreation | 126,560 | - | 2,932 | - | 129,492 |
| Community and economic development | 119,500 | - | - | - | 119,500 |
| General government | 38,326 | - | 2,211 | - | 40,537 |
| Total disbursements | 413,773 | 79,396 | 22,406 | 83,395 | 598,970 |
| Excess (deficiency) of receipts over (under) disbursements | (7,245) | 23,721 | 3,589 | (6,247) | 13,818 |
| Other financing sources: | | | | | |
| Sale of capital assets | 39,563 | - | - | - | 39,563 |
| Transfers in | 26,868 | - | - | - | 26,868 |
| Total other financing sources | 66,431 | - | - | - | 66,431 |
| Net change in cash balances | 59,186 | 23,721 | 3,589 | (6,247) | 80,249 |
| Cash balances beginning of year | 200,075 | 51,762 | 3,795 | 163,415 | 419,047 |
| Cash balances end of year | \$ 259,261 | 75,483 | 7,384 | 157,168 | 499,296 |
| Cash Basis Fund Balances | | | | | |
| Restricted for: | | | | | |
| Streets | \$ - | 75,483 | - | - | 75,483 |
| Employee benefits | - | - | 7,384 | - | 7,384 |
| Community betterment | - | - | - | 157,168 | 157,168 |
| Assigned for projects | 108,056 | - | - | - | 108,056 |
| Unassigned | 151,205 | - | - | - | 151,205 |
| Total cash basis fund balances | \$ 259,261 | 75,483 | 115,273 | 157,168 | 499,296 |

See notes to financial statements

City of Stanton
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds
As of and for the year ended June 30, 2021

| | Enterprise Funds | | | | |
|---|------------------|-----------|---------|--|-----------|
| | Electric | Water | Sewer | Other Nonmajor Enterprise Funds | Total |
| Operating receipts: | | | | | |
| Charges for service | \$ 621,268 | 214,323 | 116,220 | 6,737 | 958,548 |
| Operating disbursements: | | | | | |
| Business type activities | 591,326 | 83,448 | 46,587 | 10,031 | 731,392 |
| Excess (deficiency) of operating receipts over (under) operating disbursements | 29,942 | 130,875 | 69,633 | (3,294) | 227,156 |
| Non-operating receipts (disbursements): | | | | | |
| Interest on investments | 4,156 | 25 | 1,536 | - | 5,717 |
| Miscellaneous | 1,503 | 234 | - | 3,850 | 5,587 |
| Debt service | (36,000) | (102,143) | - | - | (138,143) |
| Total non-operating receipts (disbursements) | (30,341) | (101,884) | 1,536 | 3,850 | (126,839) |
| Excess (deficiency) of receipts over (under) disbursements | (399) | 28,991 | 71,169 | 556 | 100,317 |
| Transfers in (out) | (36,319) | 5,308 | 4,143 | - | (26,868) |
| Net change in cash balances | (36,718) | 34,299 | 75,312 | 556 | 73,449 |
| Cash balances beginning of year | 995,360 | 178,232 | 396,054 | 31,474 | 1,601,120 |
| Cash balances end of year | \$ 958,642 | 212,531 | 471,366 | 32,030 | 1,674,569 |
| Cash Basis Fund Balances | | | | | |
| Restricted for debt service | \$ - | 14,391 | - | - | 14,391 |
| Unrestricted | 958,642 | 198,140 | 471,366 | 32,030 | 1,660,178 |
| Total cash basis fund balances | \$ 958,642 | 212,531 | 471,366 | 32,030 | 1,674,569 |

See notes to financial statements

City of Stanton

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (1) Summary of Significant Accounting Policies

The City of Stanton is a political subdivision of the State of Iowa located in Montgomery County. It was first incorporated in 1870 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides electric, water, sewer and landfill utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Stanton has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Montgomery County Assessor's Conference Board, Montgomery County Landfill Association, and Montgomery County Emergency Management Commission.

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consist of cash balances that do not meet the definition of the preceding category. Unrestricted net position often have constraints on resources imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining enterprise funds are aggregated and reported as nonmajor enterprise funds.

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Employee Benefit Fund is used to account for property tax and other receipts to be used for employee pensions and other benefits.

The Local Option Sales Tax Fund is used to account for receipts from tax authorized by referendum and used for community betterment projects.

The City reports the following major proprietary funds:

The Enterprise, Electric Fund accounts for the operation and maintenance of the City's electric utility.

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Stanton maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there is both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (1) Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting - Continued

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2021, disbursements did not exceed the amounts budgeted.

F. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2019, to compute the amounts which became liens on property on July 1, 2020. These taxes were due and payable in two installments on September 30, 2020 and March 31, 2021, at the Montgomery County Treasurer's Office. These taxes are recognized as income to the City when they are received from the county.

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's cash, which consists of cash in bank and certificates of deposit, totaled \$2,173,865.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

Interest rate risk

The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

NOTE (3) Bonds and Notes Payable

A summary of changes in notes payable for the year ended June 30, 2021 is as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|--------------------------------|---------------------------------|-----------|------------|---------------------------|---------------------------|
| Business type activities: | | | | | |
| Water revenue notes | \$ 1,060,000 | - | 78,000 | 982,000 | 80,000 |
| Loan agreement | 144,000 | - | 36,000 | 108,000 | 36,000 |
| Total business type activities | \$ 1,204,000 | - | 114,000 | 1,090,000 | 116,000 |

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (3) Bonds and Notes Payable – Continued

The City has a legal debt limit of approximately \$1,360,000, which was not exceeded during the year ended June 30, 2021.

Revenue Notes

A summary of the City's June 30, 2021 revenue notes payable is as follows:

| Year Ending June 30, | Water Issued August 4, 2010 | | | Water Issued June 6, 2014 | | | Total | | |
|-------------------------|--------------------------------|-------------------|---------------|------------------------------|-------------------|---------------|-------------------|----------------|------------------|
| | Interest Rates | Principal | Interest | Interest Rates | Principal | Interest | Principal | Interest | Total |
| 2022 | 1.75% | \$ 42,000 | 7,525 | 1.75% | \$ 38,000 | 9,660 | \$ 80,000 | 17,185 | 97,185 |
| 2023 | 1.75 | 43,000 | 6,790 | 1.75 | 38,000 | 8,995 | 81,000 | 15,785 | 96,785 |
| 2024 | 1.75 | 45,000 | 6,038 | 1.75 | 39,000 | 8,330 | 84,000 | 14,368 | 98,368 |
| 2025 | 1.75 | 46,000 | 5,250 | 1.75 | 40,000 | 7,648 | 86,000 | 12,898 | 98,898 |
| 2026 | 1.75 | 48,000 | 4,445 | 1.75 | 41,000 | 6,948 | 89,000 | 11,393 | 100,393 |
| 2027-2031 | 1.75 | 206,000 | 9,153 | 1.75 | 215,000 | 23,800 | 421,000 | 32,953 | 453,953 |
| 2032-2034 | - | - | - | 1.75 | 141,000 | 4,970 | 141,000 | 4,970 | 145,970 |
| | | <u>\$ 430,000</u> | <u>39,201</u> | | <u>\$ 552,000</u> | <u>70,351</u> | <u>\$ 982,000</u> | <u>109,552</u> | <u>1,091,552</u> |

The city has pledged future water customer receipts, net of specified operating disbursements, to repay \$860,000 of water revenue notes issued in August 2010 and \$842,263 of water revenue notes issued in June 2014. Proceeds from the notes provided financing for the construction of water main extensions. The notes are payable solely from water customer net receipts and are payable through 2034. Annual principal and interest payments on the notes required more than 78% of the net receipts. The total principal and interest remaining to be paid on the notes is \$1,091,552. For the current year, the total principal and interest paid and total customer net receipts were \$102,143 and \$130,875, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions.

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water revenue note sinking accounts within the Water Enterprise Fund for the purpose of making the note principal and interest payments when due.

The City has complied with the above provisions.

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (3) Bonds and Notes Payable – Continued

Loan Agreement

The City has a loan agreement with the local telephone company with no interest rate. The loan was used to help finance construction of a community facility and matures as follows:

| Year Ending June 30, | | Principal |
|-------------------------|----|-----------|
| 2022 | \$ | 36,000 |
| 2023 | | 36,000 |
| 2024 | | 36,000 |
| Total | \$ | 108,000 |

NOTE (4) Pension and Retirement Benefits

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (4) Pension and Retirement Benefits – Continued

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll for a total rate of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2021 were \$16,656.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$146,559 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was 0.0020863%, which was a decrease of 0.000063% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$22,486, \$27,974 and \$15,524, respectively.

There were no non-employer contributing entities to IPERS.

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (4) Pension and Retirement Benefits – Continued

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Rate of Inflation (effective June 30, 2017) | 2.60% per annum |
| Rates of salary increases (effective June 30, 2017) | 3.25% to 16.25% average, including inflation. Rates vary by membership group. |
| Long-term investment rate of return (effective June 30, 2017) | 7.00%, compounded annually, net of investment expense, including inflation. |
| Wage growth (effective June 30, 2017) | 3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation. |

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|------------------|---|
| Domestic equity | 22.0% | 4.43% |
| International equity | 17.5 | 5.15 |
| Global smart beta equity | 6.0 | 4.87 |
| Core plus fixed income | 28.0 | (0.29) |
| Public credit | 4.0 | 2.29 |
| Cash | 1.0 | (0.78) |
| Private equity | 11.0 | 6.54 |
| Privatized real assets | 7.5 | 4.48 |
| Private credit | 3.0 | 3.11 |
| Total | 100% | |

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (4) Pension and Retirement Benefits – Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------|--------------------------|------------------------|
| City's proportionate share of the net pension liability | \$ 244,375 | \$ 146,559 | \$ 64,542 |

IPERS' Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE (5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation benefits payable to employees at June 30, 2021, primarily relating to the General Fund, was \$5,720. This liability has been computed based on rates of pay in effect at June 30, 2021.

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|-----------------------|--------------------------|-------------------------|
| General | Proprietary: Electric | \$ 26,868 |
| Proprietary: Sewer | Proprietary Electric | 4,143 |
| Proprietary Water | Proprietary: Electric | <u>5,308</u> |
| | | \$ <u><u>36,319</u></u> |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE (7) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE (8) Commitments

Law Enforcement Services Contract

The City signed a law enforcement services contract with Montgomery County effective July 1, 2018 for five years. Law enforcement services are to be provided by the County in consideration of \$18,500 per year.

Community Development Services Contract

The City signed an agreement with The Farmers Mutual Telephone Company of Stanton for community development services effective July 1, 2019 for five years. The City has agreed to pay \$15,000 annually for the services.

City of Stanton
Notes to Financial Statements
June 30, 2021

NOTE (9) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements. Property tax revenues of the City were reduced by \$405 under this program during the year ended June 30, 2021.

NOTE (10) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of City of Stanton, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City of Stanton. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City of Stanton.

NOTE (11) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, *Leases*. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

Other Information

City of Stanton
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds
 Other Information
 Year ended June 30, 2021

| | Governmental Funds Actual | Proprietary Funds Actual | Total | Budgeted Amounts | | Final to Total Variance |
|---|---------------------------------|--------------------------------|-----------|------------------|-----------|-------------------------------|
| | | | | Original | Final | |
| Receipts | | | | | | |
| Property tax | \$ 206,105 | - | 206,105 | 197,989 | 197,989 | 8,116 |
| Other city tax | 77,168 | - | 77,168 | 60,026 | 60,026 | 17,142 |
| Licenses and permits | 292 | - | 292 | 250 | 250 | 42 |
| Use of money and property | 44 | 5,717 | 5,761 | 4,500 | 4,500 | 1,261 |
| Intergovernmental | 194,261 | - | 194,261 | 231,768 | 280,768 | (86,507) |
| Charges for service | 651 | 958,548 | 959,199 | 989,100 | 989,100 | (29,901) |
| Miscellaneous | 134,267 | 5,587 | 139,854 | 74,100 | 74,100 | 65,754 |
| Total receipts | 612,788 | 969,852 | 1,582,640 | 1,557,733 | 1,606,733 | (24,093) |
| Disbursements | | | | | | |
| Public safety | 53,468 | - | 53,468 | 49,750 | 57,250 | 3,782 |
| Public works | 255,973 | - | 255,973 | 250,150 | 326,150 | 70,177 |
| Culture and recreation | 129,492 | - | 129,492 | 80,077 | 140,077 | 10,585 |
| Community and economic development | 119,500 | - | 119,500 | 208,000 | 208,000 | 88,500 |
| General government | 40,537 | - | 40,537 | 39,345 | 40,845 | 308 |
| Business type activities | - | 869,535 | 869,535 | 1,032,923 | 1,032,923 | 163,388 |
| Total disbursements | 598,970 | 869,535 | 1,468,505 | 1,660,245 | 1,805,245 | 336,740 |
| Excess (deficiency) of receipts over (under) disbursements | 13,818 | 100,317 | 114,135 | (102,512) | (198,512) | 312,647 |
| Other financing sources, net: | 66,431 | (26,868) | 39,563 | - | - | 39,563 |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 80,249 | 73,449 | 153,698 | (102,512) | (198,512) | 352,210 |
| Balances beginning of year | 419,047 | 1,601,120 | 2,020,167 | 1,807,419 | 1,807,419 | 212,748 |
| Balances end of year | \$ 499,296 | 1,674,569 | 2,173,865 | 1,704,907 | 1,608,907 | 564,958 |

See accompanying independent auditors' report

City of Stanton
Notes to Other Information – Budgetary Reporting
June 30, 2021

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon major classes of disbursements known as functions, not by fund or fund type. These functions are: public safety, public works, culture and recreation, community and economic development, general government, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$145,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2021, disbursements did not exceed the amended budget amounts.

City of Stanton
Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Seven Years *
(In Thousands)
Other Information

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| City's proportion of the net pension liability | 0.002086% | 0.002149% | 0.002082% | 0.002068% | 0.002101% | 0.001930% | 0.002102% |
| City's proportionate share of the net pension liability | \$ 146 | 124 | 132 | 138 | 132 | 95 | 83 |
| City's covered payroll | \$ 170 | 164 | 156 | 154 | 151 | 132 | 138 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 85.88% | 75.61% | 84.62% | 89.61% | 87.42% | 71.97% | 60.14% |
| IPERS' net position as a percentage of the total pension liability | 82.90% | 85.45% | 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditors' report

City of Stanton
Schedule of City Contributions
Iowa Public Employees' Retirement System
For the Last Ten Fiscal Years
(In Thousands)
Other Information

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Statutorily required contribution | \$ 17 | 16 | 15 | 14 | 14 | 13 | 11 | 12 | 11 | 11 |
| Contributions in relation to the statutorily required contribution | 17 | 16 | 15 | 14 | 14 | 13 | 11 | 12 | 11 | 11 |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | - | - |
| City's covered payroll | \$ 176 | 170 | 164 | 156 | 154 | 151 | 132 | 138 | 128 | 131 |
| Contributions as a percentage of covered payroll | 9.44% | 9.44% | 9.44% | 8.93% | 8.93% | 8.93% | 8.93% | 8.93% | 8.67% | 8.07% |

See accompanying independent auditors' report

City of Stanton
Notes to Other Information – Pension Liability
Year ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

Supplementary Information

City of Stanton
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Enterprise Funds
Year ended June 30, 2021

| | <u>Landfill</u> | <u>Deposits</u> | <u>Total</u> |
|---|------------------|-----------------|---------------|
| Operating receipts: | | | |
| Charges for service | \$ 6,737 | - | 6,737 |
| Operating disbursements: | | | |
| Business type activities | <u>7,351</u> | <u>2,680</u> | <u>10,031</u> |
| Deficiency of operating receipts under operating disbursements | (614) | (2,680) | (3,294) |
| Non-operating receipts: | | | |
| Miscellaneous | <u>-</u> | <u>3,850</u> | <u>3,850</u> |
| Net change in cash balances | (614) | 1,170 | 556 |
| Cash balances beginning of year | <u>11,140</u> | <u>20,334</u> | <u>31,474</u> |
| Cash balances end of year | <u>\$ 10,526</u> | <u>21,504</u> | <u>32,030</u> |
| Cash Basis Fund Balances | | | |
| Unrestricted | <u>\$ 10,526</u> | <u>21,504</u> | <u>32,030</u> |

See accompanying independent auditors' report

City of Stanton
Schedule of Receipts By Source and Disbursements By Function –
All Governmental Funds
For the Last Nine Years

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|
| Receipts: | | | | | | | | | |
| Property tax | \$ 206,105 | 173,031 | 189,377 | 179,291 | 177,448 | 165,862 | 163,673 | 152,836 | 147,459 |
| Other city tax | 77,168 | 66,756 | 58,262 | 58,212 | 64,542 | 64,413 | 64,183 | 58,982 | 67,014 |
| Licenses and permits | 292 | 180 | 252 | 315 | 319 | 271 | 431 | 217 | 131 |
| Use of money and property | 44 | 216 | 201 | 151 | 106 | 115 | 144 | 163 | 102 |
| Intergovernmental | 194,261 | 146,309 | 166,206 | 103,356 | 103,717 | 133,482 | 184,560 | 1,697,850 | 112,291 |
| Charges for service | 651 | 1,546 | 1,475 | 4,467 | 5,064 | 4,162 | 3,540 | 4,068 | 5,264 |
| Miscellaneous | 134,267 | 199,564 | 38,082 | 62,107 | 42,165 | 53,405 | 191,193 | 1,032,322 | 40,618 |
| Total | \$ 612,788 | 587,602 | 453,855 | 407,899 | 393,361 | 421,710 | 607,724 | 2,946,438 | 372,879 |
| Disbursements: | | | | | | | | | |
| Operating: | | | | | | | | | |
| Public safety | \$ 53,468 | 48,151 | 45,195 | 39,858 | 35,545 | 38,105 | 78,045 | 42,217 | 46,221 |
| Public works | 255,973 | 181,421 | 198,305 | 175,068 | 197,832 | 285,326 | 154,537 | 192,407 | 171,650 |
| Culture and recreation | 129,492 | 202,589 | 64,776 | 71,762 | 84,746 | 107,309 | 175,330 | 87,731 | 38,458 |
| Community and economic development | 119,500 | 58,098 | 78,336 | 41,945 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| General government | 40,537 | 45,351 | 48,250 | 43,040 | 44,391 | 45,028 | 50,281 | 64,786 | 31,596 |
| Capital projects | - | - | - | - | - | - | - | 3,073,821 | 279,882 |
| Total | \$ 598,970 | 535,610 | 434,862 | 371,673 | 363,514 | 476,768 | 459,193 | 3,461,962 | 568,807 |

See accompanying independent auditors' report

City of Stanton



Diane McGrain, CPA
Jim Menard, CPA
Kelsey Peterson, CPA

October 13, 2021

Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Stanton, Iowa, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 13, 2021. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Stanton's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Stanton's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Stanton's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

Continued...

omni business centre
42 n. 2nd street
council bluffs, iowa 51503
712•322•8734 / fax 712•322•4699
www.schroer-cpa.com

City of Stanton
Independent Auditors' Report on
Internal Control and Compliance and Other Matters

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Stanton's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-21 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Stanton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Stanton's Responses to Findings

City of Stanton's responses to findings identified in our audit are described in the accompanying Schedule of Findings. City of Stanton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Stanton during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Schroer & Associates, P.C.

Schroer & Associates, P.C.
Council Bluffs, IA

**City of Stanton
Schedule of Findings
June 30, 2021**

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-21 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – We noted that one person has control over each of the following areas for the City:

1. Receipts – billing, posting and reconciling
2. Disbursements – warrant writing, posting and reconciling
3. Payroll – record keeping, preparing and distributing

Cause – The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response – We have implemented an independent review of bank statements, bank and utility reconciliations, and time sheets by a City official.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

**City of Stanton
Schedule of Findings
June 30, 2021**

Part II: Other Findings Related to Statutory Reporting:

II-A-21 Certified Budget

City disbursements during the year ended June 30, 2021, did not exceed the amended budgeted amounts.

II-B-21 Entertainment Expense

We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

II-C-21 Travel Expense

No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-21 Business Transactions

No business transactions were noted between the City and City officials or employees.

II-E-21 Restricted Donor Activity

No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

II-F-21 Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-G-21 Council Minutes

No transactions were found that we believe should have been approved in the Council minutes but were not.

II-H-21 Deposits and Investments

Comment - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy. However, the interest rates on some certificates of deposits did not meet the statutory rates established by the State Rate Setting Committee.

Recommendation – The City should contact the financial institution to correct the rates and request that they pay the interest as required.

Response – We will do this.

Conclusion – Response accepted.

II-I-21 Revenue Notes

The City is in compliance with the provisions of the revenue debt resolutions.

**City of Stanton
Schedule of Findings
June 30, 2021**

Part II: Other Findings Related to Statutory Reporting - Continued:

II-J-21 Excess Balances

Comment – The cash balances in the Proprietary Funds, Electric, Sewer, Water, and Landfill Accounts at June 30, 2021 were in excess of the disbursements made from each of the accounts during the year.

Recommendation – The City should consider the necessity of maintaining the excess balance, and where financially feasible, consider reducing the balance in an orderly manner through revenue reductions.

Response – We are maintaining balances in these funds as reserves for the future. We will review this further.

Conclusion – Response accepted.

II-K-21 Annual Urban Renewal Report

The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.